

Message Text

LIMITED OFFICIAL USE

PAGE 01 MEXICO 05373 191912Z

62

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-03 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 AGR-05 /088 W

----- 102622

R 191840Z JUN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8353

LIMITED OFFICIAL USE MEXICO 5373

E.O. 11652: N/A

TAGS: ECON, MX

SUBJECT: GOM OFFICIAL DISCUSSES ECONOMIC POLICY, GOALS

1. SUMMARY: GOM SECRETARY OF NATIONAL PATRIMONY ALEJO AT JUNE 17 LUNCHEON ATTENDED BY AMBASSADOR DISCOURSED ON BASIC ECONOMIC PHILOSOPHY OF ECHEVERRIA ADMINISTRATION, AND ITS POLICY IMPLICATIONS. ALEJO CRITICIZED PAST "OVER-PROTECTION" OF STRUGGLING PRIVATE SECTOR INDUSTRIES, AND SUGGESTED THAT PUBLIC SECTOR ASSISTANCE GIVEN THEM COULD HAVE BEEN BETTER USED. FIRST DUTY OF MEXICAN STATE, HE SAID, IS ECONOMIC DEVELOPMENT OF COUNTRY AND ITS PEOPLE, UNDER EQUITABLE SYSTEM FOR ALL SECTORS AND WITH IMPROVED INCOME DISTRIBUTION. END SUMMARY

2. SECRETARY OF NATIONAL PATRIMONY (SEPNAL) SECRETARY FRANCISCO JAVIER ALEJO WAS SPEAKER AT ANNUAL ROTARY CLUB OF MEXICO CITY LUNCHEON JUNE 17. (AMBASSADOR WAS INVITED GUEST OF HONOR, AND SAT NEXT TO ALEJO.) THEME OF ALEJO'S TALK WAS "THE RIGHTS OF MAN IN THE ECONOMY," AND IT WAS DELIVERED IN A SOBER, LOW-KEY MANNER WHICH CONTRASTED SHARPLY WITH FLAMBOYANT RHETORIC SOMETIMES CHARACTERIZING SPEECHES BY SENIOR GOM FIGURES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 05373 191912Z

3. EXTENSIVE MEXICAN PRESS REPORTING OF ALEJO SPEECH STRESSED HIS STRONG CRITICISM OF PAST "OVERPROTECTION" OF INEFFICIENT PRIVATE SECTOR INDUSTRIES (WHICH HAVE OFTEN BEEN RESCUED BY PUBLIC SECTOR FUNDS, USUALLY ACCOMPANIED BY EQUITY PARTICIPATION OF SUCH PUBLIC SECTOR ENTITIES AS NACIONAL FINANCIERA, THE STATE DEVELOPMENT BANK, OR SOMEX, THE STATE HOLDING COMPANY) . ALEJO SAID THAT THESE PUBLIC SECTOR RESOURCES COULD OFTEN HAVE BEEN BETTER USED BY NEW INVESTMENT IN MODERN INDUSTRIES, OR IN THE STRUGGLING AGRICULTURAL SECTOR, AND WOULD HAVE CREATED MORE NEW JOBS THAN THOSE LOST BY THE DEMISE OF THE INEFFICIENT FIRMS "SAVED" BY THE GOM. "THE STATE HAS NO OBLIGATION TO PROTECT INEFFICIENCY IN BUSINESS," HE SAID, ADDING THAT THE MAIN MISTAKE IN THE PAST WAS "HAVING OVERPROTECTED AND OVERLOADED WITH INCENTIVES SOME OF THE MOST UNPRODUCTIVE COMPANIES IN THE COUNTRY."

4. IN ANSWER TO CRITICISM OF PUBLIC SECTOR CONTROLLED COMPANIES, ALEJO ADMITTED THAT SOME WERE INEFFICIENT, BUT ADDED THAT THE SAME CAN BE SAID FOR MANY PRIVATE SECTOR FIRMS AS WELL, WHICH ARE BEING PROTECTED BY GOM, AND ARE INCAPABLE OF COMPETING IN WORLD MARKETS. HE INDICATED THAT THIS PROTECTION IS BEING REDUCED (BUT DID NOT GO INTO DETAILS).

5. SPEAKING IN PHILOSOPHICAL TERMS, ALEJO SAID THAT THE FIRST DUTY OF THE MEXICAN STATE IS THE ECONOMIC DEVELOPMENT OF THE COUNTRY AND OF ALL ITS PEOPLE. THIS DEVELOPMENT SHOULD BE EQUITABLE FOR ALL SECTORS, INCLUDING AGRICULTURE , AND SHOULD BE ACCOMPANIED BY IMPROVED INCOME DISTRIBUTION AMONG THE MEXICAN PEOPLE. INDEED, HE SUGGESTED, SOME OF THE

AGRICULTURAL SHORTAGES IN RECENT YEARS COULD BE TRACED TO UNDER-FINANCING OF THAT VITAL SECTOR IN THE MEXICAN ECONOMY. RECENT IMPORTS OF FOODSTUFFS AS A RESULT OF THE FAILURE OF THE AGRICULTURAL SECTOR TO PROVIDE FOR THE GROWING NEEDS OF THE MEXICAN PEOPLE HAS WORSENED MEXICO'S BALANCE OF PAYMENTS DEFICIT, HE ADDED.

6. COMMENT: THE IMPRESSION OF THE ROTARIANS PRESENT WAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 05373 191912Z

THAT ALEJO HAD SKILLFULLY UTILIZED THE ARGUMENTS OF TRADITIONAL ECONOMISTS WHOM THEY ADMIRE TO TURN THE TABLES ON THE PRIVATE SECTOR, E.G. IN POINTING OUT THAT STATE SHOULD NOT BECOME OVER-INVOLVED "HELPING" PRIVATE SECTOR, BUT RATHER NATURAL FORCES OF THE MARKET PLACE SHOULD BE ALLOWED TO PREVAIL.

JOVA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, POLICIES, DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO05373
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750214-0642
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750635/aaaabfna.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by BoyleJA>; APPROVED <11 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOM OFFICIAL DISCUSSES ECONOMIC POLICY, GOALS
TAGS: ECON, MX, (LEJO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006